

OCT 21 2013

PEACE VALLEY TELEPHONE COMPANY, INC.

7101 State Route W
P.O. Box 9
Peace Valley, MO 65788

FCC Mail Room

PH. (417) 277-5550 Fax (417) 277-5885 Email: pvtelco@pvtelephone.com
Maurice Bosserman, President Clara Norsworthy, Office Manager
Kelly Bosserman, Vice-Pres., Regulatory Affairs

REDACTED—FOR PUBLIC INSPECTION

October 17, 2013

Marlene H. Dortch, Commission's Secretary
Office of the Secretary,
Federal Communications Commission
445 12th Street, SW, Suite TW-A325
Washington, DC 20554

Re: Peace Valley Telephone Co., Inc./ SAC 421936
WC Docket Numbers 10-90; 11-42
481 Filing—Line 3026
Confidential Financial Information Attachment

Dear Ms. Dortch:

Please find enclosed, two copies of Peace Valley Telephone's 481 Line 3026 redacted attachment concerning confidential financial information, which can be released to the public. The two copies should meet the requirements of the protective order, as I have sent the one copy of the non-redacted attachment to you under separate cover letter.

If you require anything further, please let me know.
Thank you.

My Best Regards,

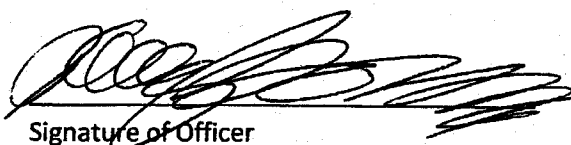
Kelly Michael Bosserman, ESQ

Line 3024—OFFICER CERTIFICATION/ MANAGEMENT STATEMENT REGARDING FINANCIAL
DOCUMENTS

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I am authorized to provide this certification on behalf of the Company. I hereby certify that the 2012 financial statements were not audited in the ordinary course of business but were reviewed by a CPA and they are accurate. The CPA reviewed financial statements are attached for 2012. For 2011, the financial statements were audited and are also included in this attachment, along with the 2011 management letter.



Signature of Officer
Vice President

Kelly Bosserman

Printed Name of Officer

Title of Officer

Date

10/2/13

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PEACE VALLEY TELEPHONE COMPANY

PEACE VALLEY, MISSOURI

INDEPENDENT ACCOUNTANT'S REVIEW REPORT AND FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

DEIDIKER Accounting & Consulting, LLC

Certified Public Accountants
DEIDIKER ACCOUNTING BUILDING
542 Bratton Avenue
West Plains, MO 65775

PEACE VALLEY TELEPHONE COMPANY

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DEIDIKER

Accounting & Consulting, LLC
Certified Public Accountants
Deidiker Accounting Building
542 Bratton Avenue
West Plains, MO 65775
417 255-1128
Cell 417 293-4444

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Independent Accountant's Review Report

We have reviewed the accompanying balance sheet of Peace Valley Telephone Company as of December 31, 2012, and the related statements of income, cash flows and stockholders' equity for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management.

A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

DEIDIKER, Accounting & Consulting, LLC

DEIDIKER, Accounting & Consulting, LLC
Certified Public Accountants
May 20, 2013

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PEACE VALLEY TELEPHONE COMPANY

Balance Sheet
December 31, 2012

ASSETS

Current Assets:

Cash on Hand
Accounts Receivable
Accounts Receivable-Group D
Temporary Investments

Total Current Assets

Plant, Property, and Equipment:

Buildings and Land
Motor Vehicles
Office Equipment
Digital Equipment
Circuit Equipment
Buried Cable

Total Property, Plant, and Equipment

Accumulated Depreciation

Total Property, Plant, and Equipment-Net Depreciation

Other Assets:

Cash Bosserman Electric
Lifeline
Prepaid Taxes
Mousf

Total Other Assets

TOTAL ASSETS

LIABILITIES & STOCKHOLDER'S EQUITY

Current Liabilities

State Payroll Tax
Federal Sales Tax
State Sales Tax

Total Current Liabilities

Stockholder's Equity

Capital
Retained Earnings
Dividends

Total Stockholder's Equity

TOTAL LIABILITIES AND STOCKHOLDER EQUITY

The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

Statement of Income

Fiscal Year Ended December 31, 2012

REVENUES:

Total Network Access
Internet Income
Local Network Service
DSL Regulated Income
Custom Work Income
Non-Regulated Income-other
Interest Income
Community Center Rent
Special Billed Revenue
Socket Rent
Long Distance Network

TOTAL REVENUES

EXPENSES:

Cable and Wire Facilities
General and Administration
Central Office
Internet Expense
General Support
Labor
Taxes
Special Charges
Community Center Expense
Uncollectibles

TOTAL EXPENSES

NET INCOME FOR THE YEAR



The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

Statement of Cash Flows

Fiscal Year Ended December 31, 2012

Cash Flows from Operating Activities

Cash Received from Customers

Net Income

Cash Paid

State Payroll Tax

Federal Sales Tax

State Sales Tax

Net Cash Provided (Used) by Operating Activities

Cash Flows from Investing Activities

Bosserman Cash

Temporary Investment

Long Term Investments

Accounts Receivable

Accounts Receivable- Group D

Lifeline

Mousf

Prepaid Taxes

Office Equipment

Circuit Equipment

Buried Cable

Depreciation

Net Cash Flows Provided (Used) by Investment Activities

Cash Flows from Financing Activities

Retained Earnings

Net Cash Flows Provided (Used) by Financing Activities

Net Increase (Decrease) in Cash

Cash- Beginning of Year

Cash- End of Year

The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

Statement of Stockholders' Equity
Fiscal Year Ended December 31, 2012

Balance, January 1, 2012

Net Income (Loss)

Dividends Paid

Balance, December 31, 2012



The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2012

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The Peace Valley Telephone Company provides telephone and broadband internet service to the residents of Peace Valley, Missouri and surrounding areas and is governed by a five member board of directors. The Peace Valley Telephone Company was organized in May 1960, as a small telephone company in Peace Valley, Missouri. Its main office continues to operate in Peace Valley, Missouri

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

All significant activities and organizations over which the Peace Valley Telephone Company exercises oversight responsibility have been included in the Company's financial statements for the year ended December 31, 2012. The following criteria regarding manifestation of oversight were considered by the Company when developing its results of financial operations.

Financial Interdependency- The Company is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Company.

Election of Management Authority - The elected Board of Directors is exclusively responsible for all decisions and is accountable for the decisions it makes. The day-to-day operations of the Company are under the control of its Office Manager.

Ability to Significantly Influence Operations - The Board of Directors has the implied authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, controls over assets, including facilities and properties, short term borrowing, signing contracts, and developing the services to be provided.

Accounting of Fiscal Matters - The responsibility and accountability over all funds is vested in the Board of Directors

B. Basis of Accounting

The Company uses the revised Uniform System of Accounts (USOA) financial accounting system which reports the results of operations and financial events in a manner which enables both the Board of Directors and regulators to assess the results of operations within a specified accounting period. The USOA also provides the finance community and others with financial performance results.

The financial accounts of the Company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called transaction cycles, business processes, functions or activities. The natural groupings represent what happens within the Company on a consistent and continuing basis. The repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial accounting structure.

The Company maintains its accounting system for revenues and expense purposes under a self-balancing set of accounts to record the financial position and results of operations of a specific activity. The Company maintains the following fund types:

Regulated Accounts Regulated accounts shall be interpreted to include the revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Federal Communications Commission.

Nonregulated Accounts Preemptively deregulated activities and activities never subject to regulation will be classified for accounting purposes as nonregulated.

C. Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The Company utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in owner's equity, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

In the financial statements, the Company utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used without regard to when cash is received or disbursed.

2. ACCOUNTS RECEIVABLE:

Under the accrual basis of accounting, the Company recognizes accounts receivable and related bad debt expense at the time revenues are recognized. As of December 31, 2012, the Company maintained accounts receivable totaling [REDACTED] net of bad debt.

3. INVESTMENTS:

The Company invests in short term investments as cash flow allows and maintains long term investments in the form of securities. As of December 31, 2012, short term investments totaled [REDACTED] and long term investments were [REDACTED]

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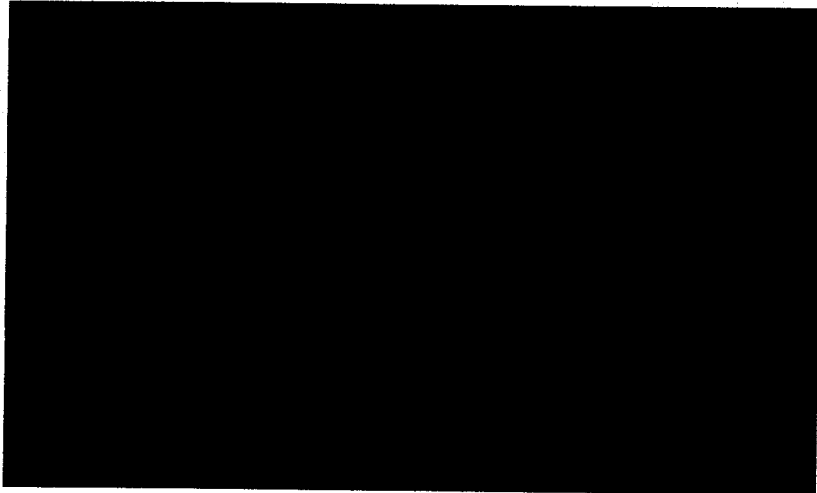
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4. PROPERTY, PLANT AND EQUIPMENT:

Depreciation of fixed assets used by the Company is charged as an expense against operations. The depreciation for assets is based on the Straight-Line Method over the estimated useful life of the assets as follows:

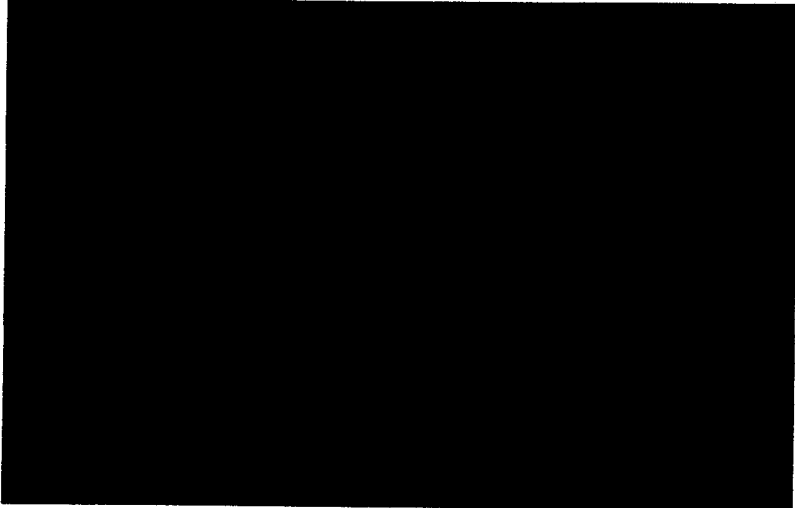
<u>Asset</u>	<u>Useful Life</u>
Buildings and Land	
Motor Vehicles	
Office Equipment	
Digital Equipment	
Circuit Equipment	
Buried Cable	

Capital Assets activity for the year ended December 31, 2012, was as follows:

<u>Asset</u>	<u>Balance as of</u> <u>January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of</u> <u>December 31, 2012</u>
Buildings and Land				
Motor Vehicles				
Office Equipment				
Digital Equipment				
Circuit Equipment				
Buried Cable				
Total				

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Capital Asset Depreciation for the year ended December 31, 2012, was as follows:

<u>Asset</u>	<u>Balance as of</u> <u>January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of</u> <u>December 31, 2012</u>
Buildings and Land				
Motor Vehicles				
Office Equipment				
Digital Equipment				
Circuit Equipment				
Buried Cable				
Total				

5. OTHER ASSETS:

Other assets consist of miscellaneous investments and prepaid expenses owned by the Company as of December 31, 2012.

6. LONG AND SHORT TERM DEBT:

At December 31, 2012, the Company did not maintain outstanding long term debt. Short term debt consisted of various unpaid tax accounts.

7. RISK MANAGEMENT:

The Company is exposed to various risks of loss related to limited torts, theft or damage to and destruction of assets, errors and omissions and natural disasters for which the Company carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage. The Company retains an attorney for litigation purposes and no material outstanding contingencies existed as of December 31, 2012.

8. SUBSEQUENT EVENTS:

Upon evaluation, the Company notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be used.

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PEACE VALLEY TELEPHONE COMPANY
PEACE VALLEY, MISSOURI

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

DEIDIKER Accounting & Consulting, LLC
Certified Public Accountants
FIRST & JEFFERSON BUILDING, SUITE 1
203 First Street
West Plains, MO 65775

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PEACE VALLEY TELEPHONE COMPANY
Financial Statement Audit

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DEIDIKER

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Certified Public Accountants
First & Jefferson Building, Suite 1
203 First Street
West Plains, MO 65775
417 255-1128
Cell 417 293-4444

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Independent Auditor's Report

To the Members of the Board of Directors
Peace Valley Telephone Company

We have audited the accompanying basic financial statements of the Peace Valley Telephone Company as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Peace Valley Telephone Company's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Peace Valley Telephone Company as of December 31, 2011, and the results of its operations and its cash flows for the years then ended in the conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2012, on our consideration of the Peace Valley Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

DEIDIKER, Accounting & Consulting, LLC

DEIDIKER, Accounting & Consulting, LLC
Certified Public Accountants
July 28, 2012

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PEACE VALLEY TELEPHONE COMPANY

Balance Sheet
December 31, 2011

ASSETS

Current Assets:

Cash on Hand

Accounts Receivable

Accounts Receivable-Group D

Investments

Total Current Assets

Plant, Property, and Equipment:

Buildings and Land

Motor Vehicles

Office Equipment

Digital Equipment

Circuit Equipment

Buried Cable

Total Property, Plant, and Equipment

Accumulated Depreciation

Total Property, Plant, and Equipment-Net Depreciation

Other Assets:

Cash Bosserman Electric

Lifeline

Mousf

Total Other Assets

TOTAL ASSETS

LIABILITIES & STOCKHOLDER'S EQUITY

Current Liabilities

State Payroll Tax

Federal Sales Tax

State Sales Tax

Total Current Liabilities

Stockholder's Equity

Capital

Additional Paid-in Capital

Retained Earnings

Dividends

Total Stockholder's Equity

TOTAL LIABILITIES AND STOCKHOLDER'EQUITY

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PEACE VALLEY TELEPHONE COMPANY

Income Statement and Retained Earnings
Fiscal Year Ended December 31, 2011

REVENUES:

Total Network Access
Internet Income
Local Network Service
DSL Regulated Income
Custom Work Income
Non-Regulated Income-other
Interest Income
Community Center Rent
Special Billed Revenue
Socket Rent
Long Distance Network
Uncollectibles

TOTAL REVENUES

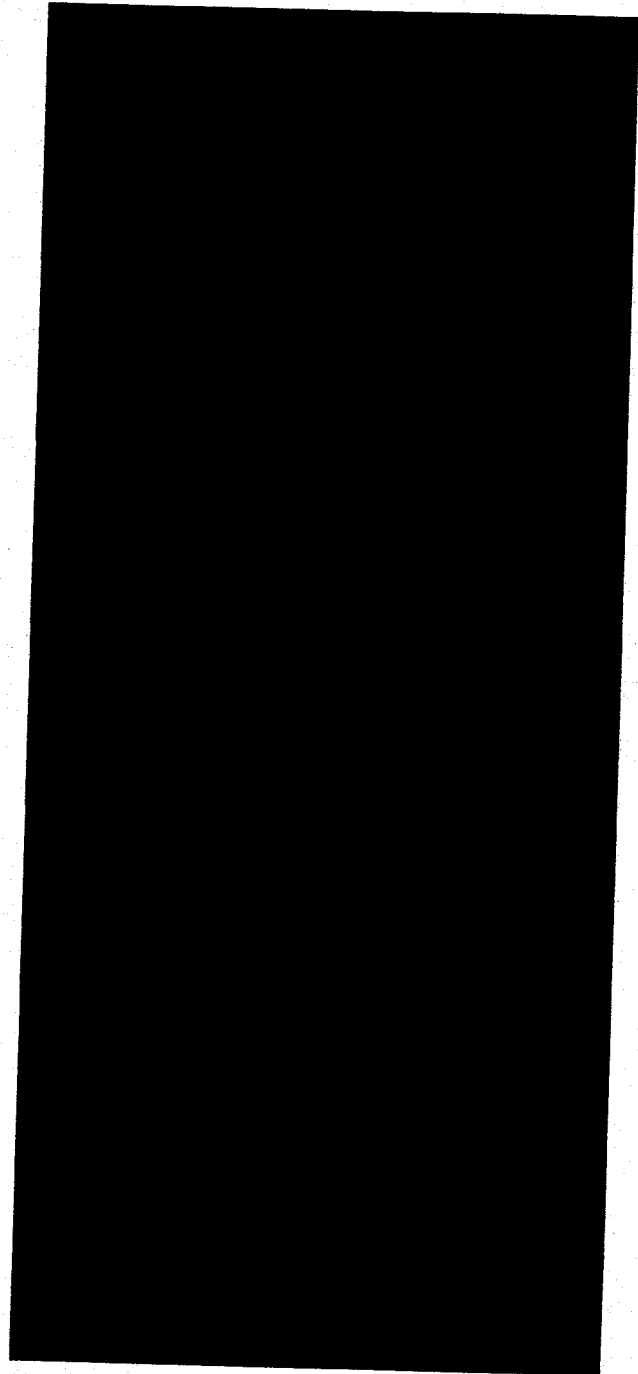
EXPENSES:

Cable and Wire Facilities
General and Administration
Central Office
Internet Expense
General Support
Labor
Taxes
Special Charges
Community Center Expense
Uncollectibles

TOTAL EXPENSES

NET INCOME FOR THE YEAR

Retained Earnings at the Beginning of the Year
Dividends Paid
Retained Earnings at the End of the Year



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PEACE VALLEY TELEPHONE COMPANY

Statement of Cash Flows
Year Ended December 31, 2011

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Cash Flows from Operating Activities

Cash Received from Customers
Net Income

Cash Paid

State Payroll Tax
Federal Sales Tax
State Sales Tax

Net Cash Provided (Used) by Operating Activities

Cash Flows from Investing Activities

Temporary Investment
Accounts Receivable
Accounts Receivable- Group D
Lifeline
Mousf
Prepaid Taxes
Office Equipment
Circuit Equipment
Buried Cable
Depreciation

Net Cash Flows Provided (Used) by Investment Activities

Cash Flows from Financing Activities

Retained Earnings

Net Cash Flows Provided (Used) by Financing Activities

Net Increase (Decrease) in Cash

Cash- Beginning of Year

Cash- End of Year

PEACE VALLEY TELEPHONE COMPANY

NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2011

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The Peace Valley Telephone Company provides telephone and broadband internet services to the Peace Valley, Missouri and surrounding areas and is governed by a five member board of directors. The Peace Valley Telephone Company was organized in **MAY 1960**, as a small telephone company in Peace Valley, Missouri. Its main office continues to operate in Peace Valley, Missouri.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

All significant activities and organizations over which the Peace Valley Telephone Company exercises oversight responsibility have been included in the Company's financial statements for the year ended December 31, 2011. The following criteria regarding manifestation of oversight were considered by the Company when developing its results of financial operations.

Financial Interdependency – The Company is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Company.

Election of Management Authority – The elected Board of Directors is exclusively responsible for all decisions and accountable for the decisions it makes. The day-to-day operations of the Company are under the control of its Office Manager.

Ability to Significantly Influence Operations – The Board of Directors has the implied authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over assets, including facilities and properties, short-term borrowing, signing contracts, and developing the services to be provided.

Accountability of Fiscal Matters – The responsibility and accountability over all funds is vested in the Board of Directors.

B. Basis of Accounts

The Company uses the revised Uniform System of Accounts (USOA) financial accounting system which reports the results of operations and financial events in a manner which enables both the Board of Directors and regulators to assess the results of operations within a specified accounting period. The USOA also provides the financial community and others with financial performance results.

The financial accounts of the Company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called transaction cycles, business processes, functions or activities. The natural groupings represent what happens within the Company on a consistent and

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continuing basis. The repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial accounting structure.

The Company maintains its accounting system for revenues and expense purposes under a self-balancing set of accounts to record the financial position and results of operations of a specific activity. The Company maintains the following fund types:

Regulated Accounts – Regulated accounts shall be interpreted to include the revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Federal Communications Commission.

Nonregulated Accounts – Preemptively deregulated activities and activities never subject to regulation will be classified for accounting purposes as nonregulated.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The Company utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in owner’s equity, financial position, and cash flow. All assets and liabilities associated with their activities are reported.

In the financial statements, the Company utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used without regard to when cash is received.

2. ACCOUNTS RECEIVABLE:

Under the accrual basis of accounting, the Company recognizes accounts receivable and related bad debt expense at the time revenues are recognized. As of December 31, 2011, the company maintained accounts receivable totaling [REDACTED] net of bad debt.

3. INVESTMENTS:

The Company invests in short term investment as cash flow allows and maintains long term investments in the form of securities. As of December 31, 2011 short term investments totaled [REDACTED] and long term investments were [REDACTED]

4. PROPERTY, PLANT, AND EQUIPMENT:

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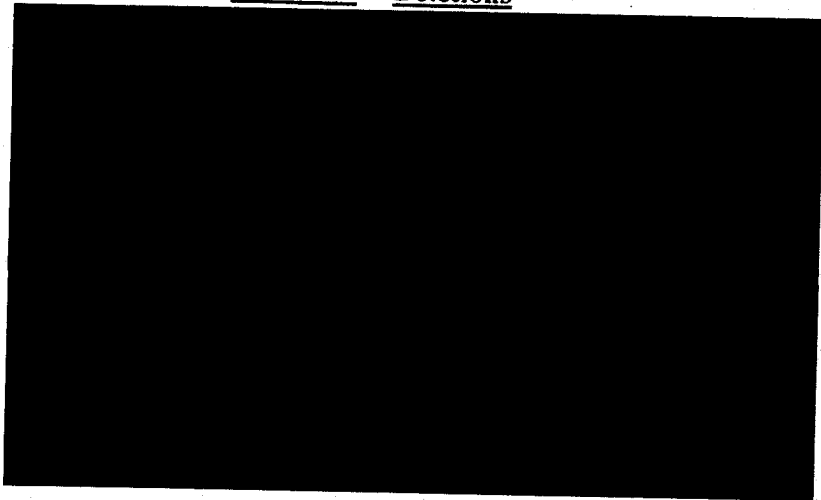
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Depreciation of fixed assets used the Company is charged as an expense against operations. The depreciation for assets is based on the Straight-line method over the estimated useful life of the assets as follows:

<u>Asset</u>	<u>Useful Life</u>
Buildings and Land	
Motor Vehicles	
Office Equipment	
Digital Equipment	
Circuit Equipment	
Buried Cable	

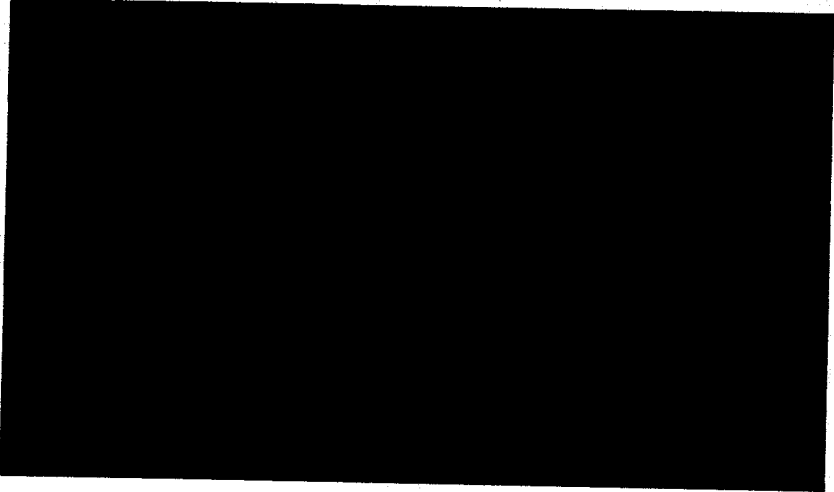
Capital asset activity for the year ended December 31, 2011 was as follows:

Capital Assets

<u>Asset</u>	<u>Balance as of January 2, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of December 31, 2011</u>
Buildings and Land				
Motor Vehicles				
Office Equipment				
Digital Equipment				
Circuit Equipment				
Buried Cable				
Total				

Capital Asset Depreciation

REDACTED – FOR PUBLIC INSPECTION

<u>Asset</u>	<u>Balance as of January 2, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of December 31, 2011</u>
Buildings and Land				
Motor Vehicles				
Office Equipment				
Digital Equipment				
Circuit Equipment				
Buried Cable				
Total				

5. OTHER ASSETS

Other assets consists of miscellaneous investments and prepaid expenses owned by the Company as of December 31, 2011.

6. LONG AND SHORT TERM DEBT

At December 31, 2011, the Company did not maintain outstanding long term debt. Short term debt consisted of various unpaid tax accounts.

7. RISK MANAGEMENT

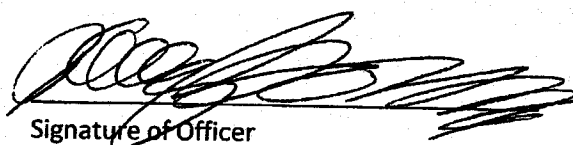
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Line 3024—OFFICER CERTIFICATION/ MANAGEMENT STATEMENT REGARDING FINANCIAL
DOCUMENTS

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I am authorized to provide this certification on behalf of the Company. I hereby certify that the 2012 financial statements were not audited in the ordinary course of business but were reviewed by a CPA and they are accurate. The CPA reviewed financial statements are attached for 2012. For 2011, the financial statements were audited and are also included in this attachment, along with the 2011 management letter.



Signature of Officer
Vice President

Kelly Bosserman

Printed Name of Officer

Title of Officer

Date

10/2/13

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Received & Inspected

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PEACE VALLEY TELEPHONE COMPANY
PEACE VALLEY, MISSOURI

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT
AND
FINANCIAL STATEMENTS**

For the Year Ended December 31, 2012

DEIDIKER Accounting & Consulting, LLC
Certified Public Accountants
DEIDIKER ACCOUNTING BUILDING
542 Bratton Avenue
West Plains, MO 65775

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PEACE VALLEY TELEPHONE COMPANY

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DEIDIKER

Accounting & Consulting, LLC
Certified Public Accountants
Deidiker Accounting Building
542 Bratton Avenue
West Plains, MO 65775
417 255-1128
Cell 417 293-4444

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Independent Accountant's Review Report

We have reviewed the accompanying balance sheet of Peace Valley Telephone Company as of December 31, 2012, and the related statements of income, cash flows and stockholders' equity for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management.

A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

DEIDIKER, Accounting & Consulting, LLC

DEIDIKER, Accounting & Consulting, LLC
Certified Public Accountants
May 20, 2013

Received & Inspected

OCT 21 2013

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PEACE VALLEY TELEPHONE COMPANY

Balance Sheet
December 31, 2012

ASSETS

Current Assets:

Cash on Hand

Accounts Receivable

Accounts Receivable-Group D

Temporary Investments

Total Current Assets

Plant, Property, and Equipment:

Buildings and Land

Motor Vehicles

Office Equipment

Digital Equipment

Circuit Equipment

Buried Cable

Total Property, Plant, and Equipment

Accumulated Depreciation

Total Property, Plant, and Equipment-Net Depreciation

Other Assets:

Cash Bosserman Electric

Lifeline

Prepaid Taxes

Mousf

Total Other Assets

TOTAL ASSETS

LIABILITIES & STOCKHOLDER'S EQUITY

Current Liabilities

State Payroll Tax

Federal Sales Tax

State Sales Tax

Total Current Liabilities

Stockholder's Equity

Capital

Retained Earnings

Dividends

Total Stockholder's Equity

TOTAL LIABILITIES AND STOCKHOLDER EQUITY

The accompanying notes are an integral part of this financial statement

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PEACE VALLEY TELEPHONE COMPANY

Statement of Income

Fiscal Year Ended December 31, 2012

REVENUES:

Total Network Access
Internet Income
Local Network Service
DSL Regulated Income
Custom Work Income
Non-Regulated Income-other
Interest Income
Community Center Rent
Special Billed Revenue
Socket Rent
Long Distance Network

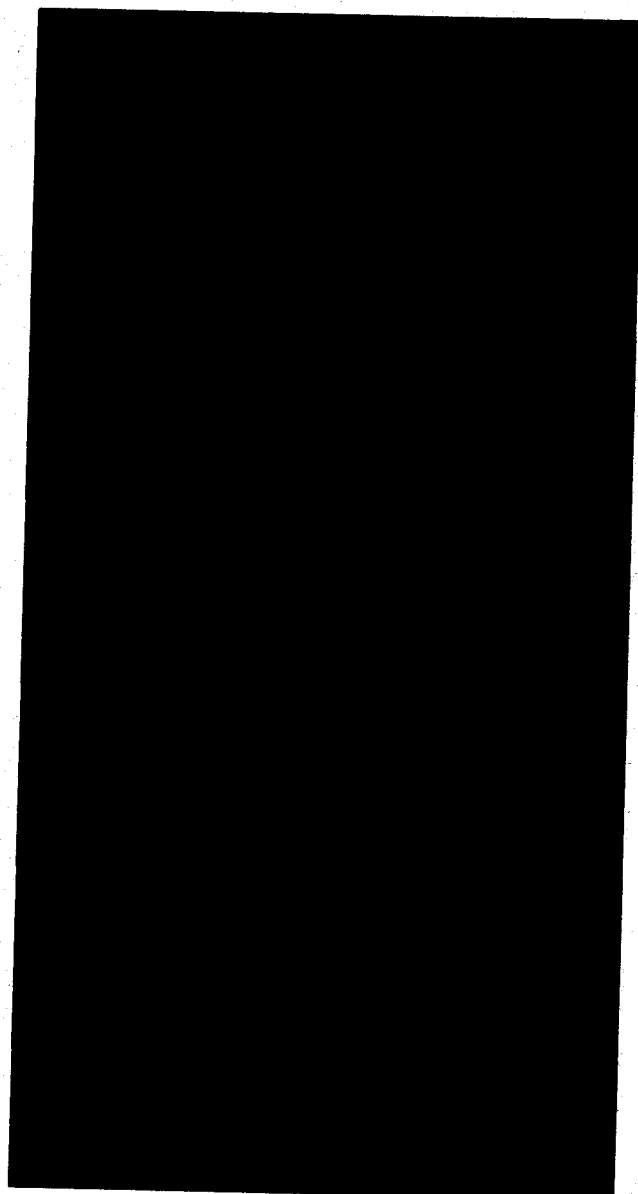
TOTAL REVENUES

EXPENSES:

Cable and Wire Facilities
General and Administration
Central Office
Internet Expense
General Support
Labor
Taxes
Special Charges
Community Center Expense
Uncollectibles

TOTAL EXPENSES

NET INCOME FOR THE YEAR



The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

Statement of Cash Flows
Fiscal Year Ended December 31, 2012

Cash Flows from Operating Activities

Cash Received from Customers
Net Income

Cash Paid

State Payroll Tax
Federal Sales Tax
State Sales Tax

Net Cash Provided (Used) by Operating Activities

Cash Flows from Investing Activities

Bosserman Cash
Temporary Investment
Long Term Investments
Accounts Receivable
Accounts Receivable- Group D
Lifeline
Mousf
Prepaid Taxes
Office Equipment
Circuit Equipment
Buried Cable
Depreciation

Net Cash Flows Provided (Used) by Investment Activities

Cash Flows from Financing Activities

Retained Earnings

Net Cash Flows Provided (Used) by Financing Activities

Net Increase (Decrease) in Cash

Cash- Beginning of Year

Cash- End of Year

The accompanying notes are an integral part of this financial statement

PEACE VALLEY TELEPHONE COMPANY

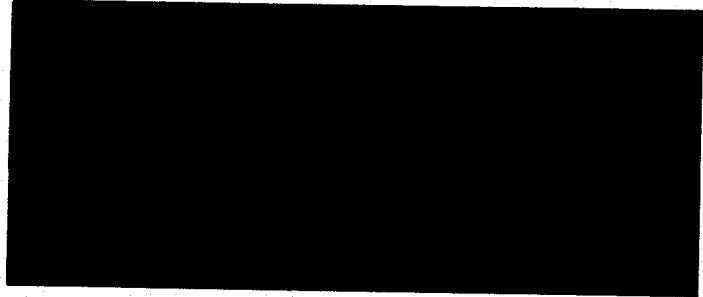
Statement of Stockholders' Equity
Fiscal Year Ended December 31, 2012

Balance, January 1, 2012

Net Income (Loss)

Dividends Paid

Balance, December 31, 2012



The accompanying notes are an integral part of this financial statement

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PEACE VALLEY TELEPHONE COMPANY

NOTES TO FINANCIAL STATEMENT
DECEMBER 31, 2012

The Peace Valley Telephone Company provides telephone and broadband internet service to the residents of Peace Valley, Missouri and surrounding areas and is governed by a five member board of directors. The Peace Valley Telephone Company was organized in May 1960, as a small telephone company in Peace Valley, Missouri. Its main office continues to operate in Peace Valley, Missouri

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

All significant activities and organizations over which the Peace Valley Telephone Company exercises oversight responsibility have been included in the Company's financial statements for the year ended December 31, 2012. The following criteria regarding manifestation of oversight were considered by the Company when developing its results of financial operations.

Financial Interdependency- The Company is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Company.

Election of Management Authority – The elected Board of Directors is exclusively responsible for all decisions and is accountable for the decisions it makes. The day-to-day operations of the Company are under the control of its Office Manager.

Ability to Significantly Influence Operations – The Board of Directors has the implied authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, controls over assets, including facilities and properties, short term borrowing, signing contracts, and developing the services to be provided.

Accounting of Fiscal Matters – The responsibility and accountability over all funds is vested in the Board of Directors

B. Basis of Accounting

The Company uses the revised Uniform System of Accounts (USOA) financial accounting system which reports the results of operations and financial events in a manner which enables both the Board of Directors and regulators to assess the results of operations within a specified accounting period. The USOA also provides the finance community and others with financial performance results.

The financial accounts of the Company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called transaction cycles, business processes, functions or activities. The natural groupings represent what happens within the Company on a consistent and continuing basis. The repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial accounting structure.

The Company maintains its accounting system for revenues and expense purposes under a self-balancing set of accounts to record the financial position and results of operations of a specific activity. The Company maintains the following fund types:

Regulated Accounts Regulated accounts shall be interpreted to include the revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Federal Communications Commission.

Nonregulated Accounts Preemptively deregulated activities and activities never subject to regulation will be classified for accounting purposes as nonregulated.

C. Measurement Focus

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

The Company utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in owner's equity, financial position, and cash flows. All assets and liabilities associated with their activities are reported.

In the financial statements, the Company utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used without regard to when cash is received or disbursed.

2. ACCOUNTS RECEIVABLE:

Under the accrual basis of accounting, the Company recognizes accounts receivable and related bad debt expense at the time revenues are recognized. As of December 31, 2012, the Company maintained accounts receivable totaling [REDACTED] net of bad debt.

3. INVESTMENTS:

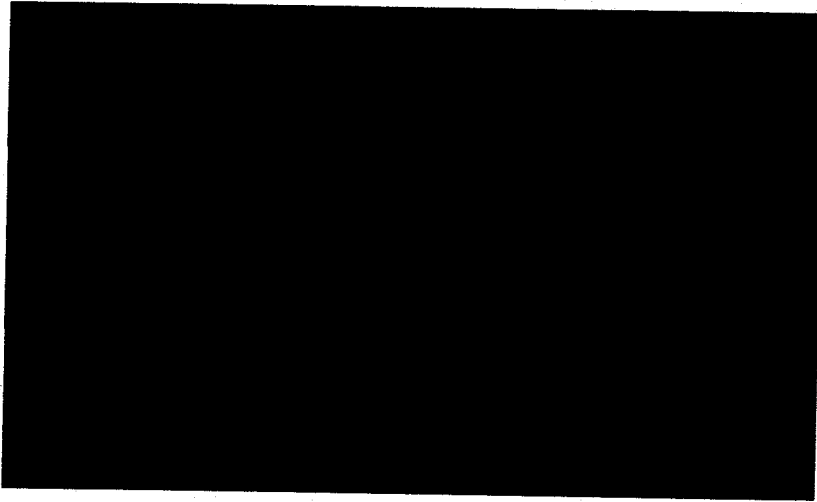
The Company invests in short term investments as cash flow allows and maintains long term investments in the form of securities. As of December 31, 2012, short term investments totaled [REDACTED] and long term investments were [REDACTED]

4. PROPERTY, PLANT AND EQUIPMENT:

Depreciation of fixed assets used by the Company is charged as an expense against operations. The depreciation for assets is based on the Straight-Line Method over the estimated useful life of the assets as follows:

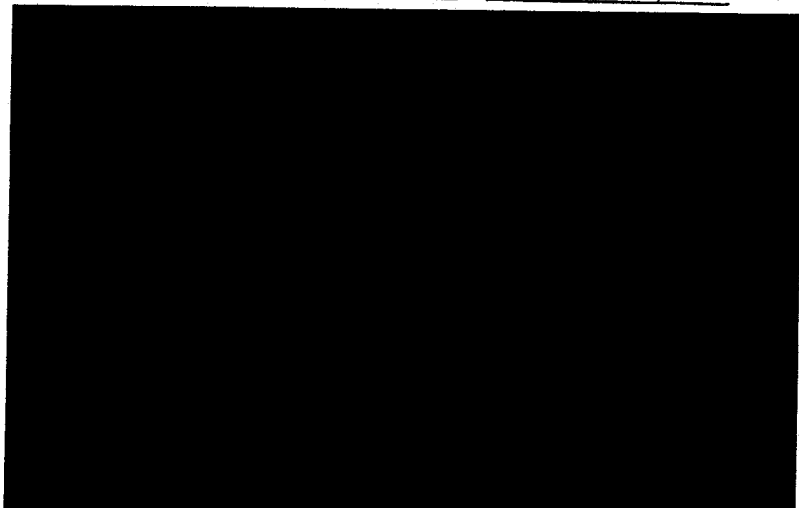
<u>Asset</u>	<u>Useful Life</u>
Buildings and Land	
Motor Vehicles	
Office Equipment	
Digital Equipment	
Circuit Equipment	
Buried Cable	

Capital Assets activity for the year ended December 31, 2012, was as follows:

<u>Asset</u>	<u>Balance as of</u> <u>January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of</u> <u>December 31, 2012</u>
Buildings and Land				
Motor Vehicles				
Office Equipment				
Digital Equipment				
Circuit Equipment				
Buried Cable				
Total				

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Capital Asset Depreciation for the year ended December 31, 2012, was as follows:

<u>Asset</u>	<u>Balance as of</u> <u>January 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of</u> <u>December 31, 2012</u>
Buildings and Land				
Motor Vehicles				
Office Equipment				
Digital Equipment				
Circuit Equipment				
Buried Cable				
Total				

5. OTHER ASSETS:

Other assets consist of miscellaneous investments and prepaid expenses owned by the Company as of December 31, 2012.

6. LONG AND SHORT TERM DEBT:

At December 31, 2012, the Company did not maintain outstanding long term debt. Short term debt consisted of various unpaid tax accounts.

7. RISK MANAGEMENT:

The Company is exposed to various risks of loss related to limited torts, theft or damage to and destruction of assets, errors and omissions and natural disasters for which the Company carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage. The Company retains an attorney for litigation purposes and no material outstanding contingencies existed as of December 31, 2012.

8. SUBSEQUENT EVENTS:

Upon evaluation, the Company notes that there were no material subsequent events between the date of the financial statements and the date that the financial statements were issued or available to be used.

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PEACE VALLEY TELEPHONE COMPANY
PEACE VALLEY, MISSOURI

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS
For the Year Ended December 31, 2011**

DEIDIKER Accounting & Consulting, LLC
Certified Public Accountants
FIRST & JEFFERSON BUILDING, SUITE 1
203 First Street
West Plains, MO 65775

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PEACE VALLEY TELEPHONE COMPANY
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DEIDIKER
Accounting & Consulting, LLC
Certified Public Accountants
First & Jefferson Building, Suite 1
203 First Street
West Plains, MO 65775
417 255-1128
Cell 417 293-4444

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Independent Auditor's Report

To the Members of the Board of Directors
Peace Valley Telephone Company

We have audited the accompanying basic financial statements of the Peace Valley Telephone Company as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Peace Valley Telephone Company's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Peace Valley Telephone Company as of December 31, 2011, and the results of its operations and its cash flows for the years then ended in the conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2012, on our consideration of the Peace Valley Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

DEIDIKER, Accounting & Consulting, LLC

DEIDIKER, Accounting & Consulting, LLC
Certified Public Accountants
July 28, 2012

PEACE VALLEY TELEPHONE COMPANY

Balance Sheet
December 31, 2011

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ASSETS

Current Assets:

Cash on Hand

Accounts Receivable

Accounts Receivable-Group D

Investments

Total Current Assets

Plant, Property, and Equipment:

Buildings and Land

Motor Vehicles

Office Equipment

Digital Equipment

Circuit Equipment

Buried Cable

Total Property, Plant, and Equipment

Accumulated Depreciation

Total Property, Plant, and Equipment-Net Depreciation

Other Assets:

Cash Bosserman Electric

Lifeline

Mousf

Total Other Assets

TOTAL ASSETS

LIABILITIES & STOCKHOLDER'S EQUITY

Current Liabilities

State Payroll Tax

Federal Sales Tax

State Sales Tax

Total Current Liabilities

Stockholder's Equity

Capital

Additional Paid-in Capital

Retained Earnings

Dividends

Total Stockholder's Equity

TOTAL LIABILITIES AND STOCKHOLDER'EQUITY

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PEACE VALLEY TELEPHONE COMPANY

Income Statement and Retained Earnings
Fiscal Year Ended December 31, 2011

REVENUES:

Total Network Access
Internet Income
Local Network Service
DSL Regulated Income
Custom Work Income
Non-Regulated Income-other
Interest Income
Community Center Rent
Special Billed Revenue
Socket Rent
Long Distance Network
Uncollectibles

TOTAL REVENUES

EXPENSES:

Cable and Wire Facilities
General and Administration
Central Office
Internet Expense
General Support
Labor
Taxes
Special Charges
Community Center Expense
Uncollectibles

TOTAL EXPENSES

NET INCOME FOR THE YEAR

Retained Earnings at the Beginning of the Year
Dividends Paid
Retained Earnings at the End of the Year

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PEACE VALLEY TELEPHONE COMPANY

Statement of Cash Flows
Year Ended December 31, 2011

Cash Flows from Operating Activities

Cash Received from Customers
Net Income

Cash Paid

State Payroll Tax
Federal Sales Tax
State Sales Tax

Net Cash Provided (Used) by Operating Activities

Cash Flows from Investing Activities

Temporary Investment
Accounts Receivable
Accounts Receivable- Group D
Lifeline
Mousf
Prepaid Taxes
Office Equipment
Circuit Equipment
Buried Cable
Depreciation

Net Cash Flows Provided (Used) by Investment Activities

Cash Flows from Financing Activities

Retained Earnings

Net Cash Flows Provided (Used) by Financing Activities

Net Increase (Decrease) in Cash

Cash- Beginning of Year

Cash- End of Year

PEACE VALLEY TELEPHONE COMPANY

NOTES TO FINANACIAL STATEMENT
DECEMBER 31, 2011

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The Peace Valley Telephone Company provides telephone and broadband internet services to the Peace Valley, Missouri and surrounding areas and is governed by a five member board of directors. The Peace Valley Telephone Company was organized in MAY 1960, as a small telephone company in Peace Valley, Missouri. Its main office continues to operate in Peace Valley, Missouri.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

All significant activities and organizations over which the Peace Valley Telephone Company exercises oversight responsibility have been included in the Company's financial statements for the year ended December 31, 2011. The following criteria regarding manifestation of oversight were considered by the Company when developing its results of financial operations.

Financial Interdependency – The Company is responsible for its debts and is entitled to surpluses. No separate entity receives a financial benefit nor imposes a financial burden on the Company.

Election of Management Authority – The elected Board of Directors is exclusively responsible for all decisions and accountable for the decisions it makes. The day-to-day operations of the Company are under the control of its Office Manager.

Ability to Significantly Influence Operations – The Board of Directors has the implied authority to significantly influence operations. This authority includes, but is not limited to, adoption of the budget, control over assets, including facilities and properties, short-term borrowing, signing contracts, and developing the services to be provided.

Accountability of Fiscal Matters – The responsibility and accountability over all funds is vested in the Board of Directors.

B. Basis of Accounts

The Company uses the revised Uniform System of Accounts (USOA) financial accounting system which reports the results of operations and financial events in a manner which enables both the Board of Directors and regulators to assess the results of operations within a specified accounting period. The USOA also provides the financial community and others with financial performance results.

The financial accounts of the Company are used to record, in monetary terms, the basic transactions which occur. Certain natural groupings of these transactions are called transaction cycles, business processes, functions or activities. The natural groupings represent what happens within the Company on a consistent and

REDACTED – FOR PUBLIC INSPECTION

continuing basis. The repetitive nature of the natural groupings, over long periods of time, lends an element of stability to the financial accounting structure.

The Company maintains its accounting system for revenues and expense purposes under a self-balancing set of accounts to record the financial position and results of operations of a specific activity. The Company maintains the following fund types:

Regulated Accounts – Regulated accounts shall be interpreted to include the revenues and expenses associated with those telecommunications products and services to which the tariff filing requirements contained in Title II of the Communications Act of 1934, as amended, are applied, except as may be otherwise provided by the Federal Communications Commission.

Nonregulated Accounts – Preemptively deregulated activities and activities never subject to regulation will be classified for accounting purposes as nonregulated.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

The Company utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in owner’s equity, financial position, and cash flow. All assets and liabilities associated with their activities are reported.

In the financial statements, the Company utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets are used without regard to when cash is received.

2. ACCOUNTS RECEIVABLE:

Under the accrual basis of accounting, the Company recognizes accounts receivable and related bad debt expense at the time revenues are recognized. As of December 31, 2011, the company maintained accounts receivable totaling [REDACTED] net of bad debt.

3. INVESTMENTS:

The Company invests in short term investment as cash flow allows and maintains long term investments in the form of securities. As of December 31, 2011 short term investments totaled [REDACTED] and long term investments were [REDACTED]

4. PROPERTY, PLANT, AND EQUIPMENT:

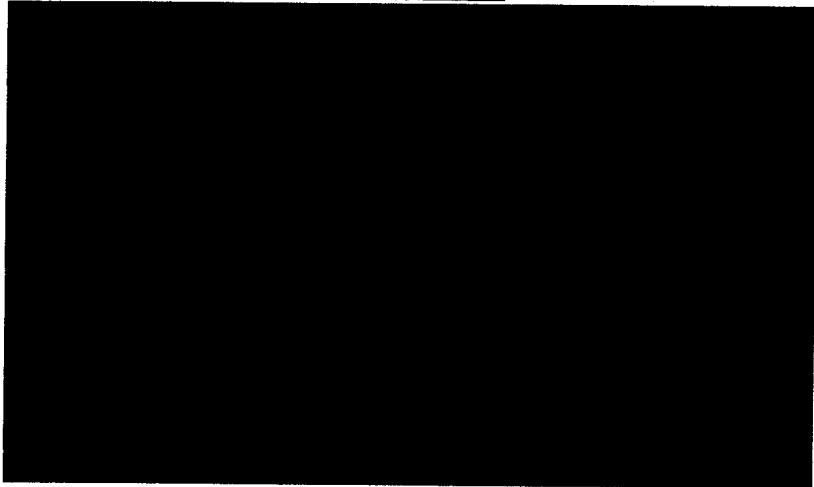
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Depreciation of fixed assets used the Company is charged as an expense against operations. The depreciation for assets is based on the Straight-line method over the estimated useful life of the assets as follows:

<u>Asset</u>	<u>Useful Life</u>
Buildings and Land	
Motor Vehicles	
Office Equipment	
Digital Equipment	
Circuit Equipment	
Buried Cable	

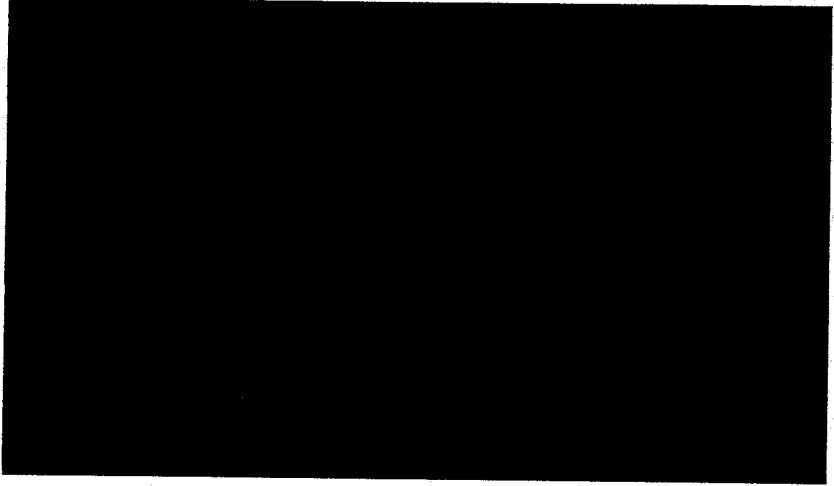
Capital asset activity for the year ended December 31, 2011 was as follows:

Capital Assets

<u>Asset</u>	<u>Balance as of</u> <u>January 2, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of</u> <u>December 31, 2011</u>
Buildings and Land				
Motor Vehicles				
Office Equipment				
Digital Equipment				
Circuit Equipment				
Buried Cable				
Total				

Capital Asset Depreciation

REDACTED – FOR PUBLIC INSPECTION

<u>Asset</u>	<u>Balance as of</u> <u>January 2, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance as of</u> <u>December 31, 2011</u>
Buildings and Land				
Motor Vehicles				
Office Equipment				
Digital Equipment				
Circuit Equipment				
Buried Cable				
Total				

5. OTHER ASSETS

Other assets consists of miscellaneous investments and prepaid expenses owned by the Company as of December 31, 2011.

6. LONG AND SHORT TERM DEBT

At December 31, 2011, the Company did not maintain outstanding long term debt. Short term debt consisted of various unpaid tax accounts.

7. RISK MANAGEMENT

The Company is exposed to various risks of loss related to limited torts, theft of damage to and destruction of assets, errors and omissions and natural disasters for which the Company carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage. The Company retains an attorney for litigation purposes and no material outstanding contingencies existed as of December 31, 2011.